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The Report

of

The Legislative Committee on Automobile Insurance

to the

Legislative Assembly of Alberta

March 1970

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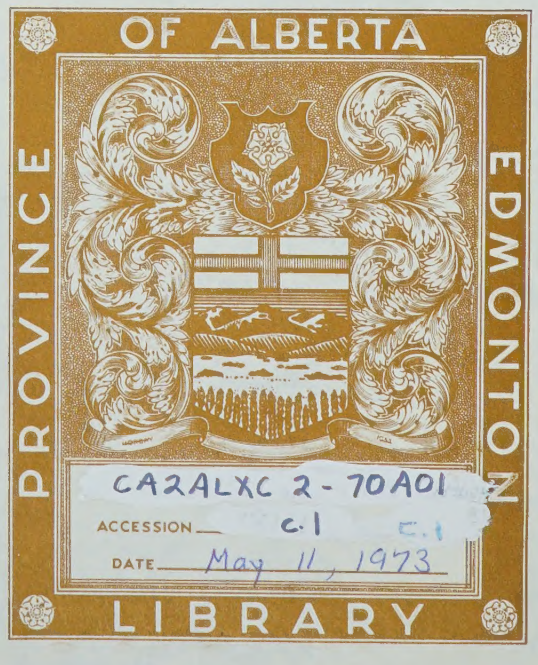
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THE REPORT

OF

THE LEGISLATIVE COMMITTEE ON AUTOMOBILE INSURANCE

TO THE

LEGISLATIVE ASSEMBLY OF ALBERTA

MARCH 1970

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TO THE LEGISLATIVE ASSEMBLY
PROVINCE OF ALBERTA

Dear Sirs:

I beg to present herewith the report of the Special Legislative Committee which was appointed by Order in Council 905/69 as directed by the following resolution which was introduced in the Legislature on May 2nd, 1969, by the Honourable Mr. Strom, and seconded by the Honourable Mr. Colborne:

BE IT RESOLVED that a Special Committee be established consisting of the following members:

Mr. Ells (Chairman)

Messieurs: Everitt
Buck, Dr.
Bullock
Norris
Yurko
Dickie

to examine and review matters relating to:

Automobile Insurance in the Province of Alberta;

AND THAT the Committee meet at the call of the Chairman in the interim between the prorogation of this session and the next ensuing session of the Assembly and report to the next session of the Assembly.

Roy B. Ells

Roy B. Ells, M.L.A.
Chairman.

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Appendix A - Alberta Automobile Insurance Statistics

ORDER IN COUNCIL

Approved and Ordered, O.C. 905/69

(Grant MacEwan)

LIEUTENANT GOVERNOR

Edmonton,
May 27, 1969.

The Executive Council has had under consideration the report of the Honourable the Provincial Treasurer, dated May 22, 1969, stating that:

WHEREAS the following resolution was passed by the Legislative Assembly on May 2, 1969:

"BE IT RESOLVED that a Special Committee be established consisting of the following Members:

Messieurs: Ells (Chairman)
Everitt
Buck, Dr.
Bullock
Norris
Yurko
Dickie

to examine and review matters relating to:

Automobile Insurance in the Province of Alberta

AND THAT the Committee meet at the call of the Chairman in the interim between the prorogation of this Session and the next ensuing Session of the Assembly and report to the next Session of the Assembly.":

THEREFORE, upon the recommendation of the Honourable the Provincial Treasurer, the Executive Council advises that the Lieutenant Governor in Council:

....continued

(Order in Council - continued)

1. hereby authorizes the payment of subsistence and travelling expenses in accordance with section 55a of The Legislative Assembly Act to Members of the Committee who are Members of the Legislative Assembly;

2. hereby authorizes the payment of expenditures incurred by the Committee for advertising, printing, clerical and stenographic services, stationery, postage and other clerical accessories upon production of approved invoices during the term of the Committee's appointment;

3. hereby orders that all expenditures made on behalf of the Committee in accordance with the aforesaid authorizations be charged to Appropriation 2708.

(Harry E. Strom)

C H A I R M A N

(This Order in Council amended in Section 1 by inserting the word "allowances" immediately before the word "subsistence".) O.C. 990/69

SCHEDULE OF MEETINGS

OF THE

LEGISLATIVE COMMITTEE ON AUTOMOBILE INSURANCE

June 19, 1969 - Legislative Building, Edmonton, Alberta

Representations were heard from the following:

Insurance Branch, Provincial Government:
Mr. J. A. MacPhee, Superintendent of Insurance
Mr. K. Walker, Provincial Claims Officer
Mr. M. H. Fisher, Deputy Superintendent of Insurance
Mr. W. R. McKinnon, Auditor & Chief Examiner

Member of Last Year's Committee:
Mr. L. D. Hyndman, M.L.A.

Insurance Bureau of Canada:
Mr. A. E. Warrick, Resident V.P., Northwestern Mutual Insurance Co., Vancouver
Mr. Claude Trites, Manager, Wawanesa Mutual Insurance Co., Winnipeg
Mr. Donald Stewart, Alberta Manager, Canadian Indemnity Co., Calgary
Mr. C. W. Clement, Q.C., Alberta Counsel, Insurance Bureau of Canada, Edmonton
Mr. Roy Watson, Alberta Manager, Northwestern Mutual Insurance Co., Edmonton
Mr. Fred King, Resident Assistant Manager, Royal Insurance Group, Edmonton

Insurance Agents' Association of Canada:

Mr. R. Bannerman, Past President
Mr. Dave Butler, Vice-President
Mr. R. B. Lamb, Treasurer
Mr. J. M. Fisher, Secretary-Manager
Mr. P. G. Galway, President
Mr. Roy W. Johns

Insurance Adjusters Association:
Mr. C. G. P. Spilsted, Spilsted, Neilson & Boyce, 11227 Jasper Avenue, Edmonton
Mr. F. R. Boyce, Spilsted, Neilson & Boyce, 11227 Jasper Avenue, Edmonton
Mr. E. J. Halwa, Halwa, Chesko & Missen, 211 Mercantile Building, Edmonton

Schedule of Meetings - Continued:

June 20, 1969 - Legislative Building, Edmonton, Alberta

Representations were heard from the following:

Alberta Federation of Labour:
Mr. John A. McNevin, Executive Secretary
Mr. E. Mitchell, Assistant Executive Secretary

Hon. Gordon Taylor, Minister of Highways & Transport

Automotive Retailers' Association:
Mr. D. A. Achilles. Secretary-Manager
Mr. C. E. Lawrence, Director
Mr. N. Ferguson, Gateway Collision, Edmonton

September 29, 1969 - Committee Visited Regina, Saskatchewan

Interview with Representatives of Saskatchewan Government Insurance Office and Insurance Agents' Association of Saskatchewan

Present: Mr. J. O. Dutton, General Manager, Saskatchewan Government Insurance Office
Mr. J. Green, Legislative Counsel, Administrator of the Saskatchewan Government Insurance Act
Mr. E. C. Hamon, President, Insurance Agents' Association, Saskatchewan
Mr. J. Lang, Vice-President, Insurance Agents' Association, Saskatchewan
Mr. W. G. McInnis, Saskatchewan Government Insurance Office

September 30, 1969 - Regina, Saskatchewan

Interview with Mr. J. O. Dutton, General Manager, Saskatchewan Government Insurance Office

The Committee then visited:

(a) The S.G.I.O. offices,

(b) Computer Center,

(c) Drive-in Claims Service,

(d) Salvage Depot for automobile parts.

Schedule of Meetings - continued:

October 1, 1969 - Legislative Building, Edmonton, Alberta

Brief presented by Office of Superintendent of Insurance

Present: Mr. H. Fisher, Deputy Superintendent of Insurance
Mr. K. Walker, Provincial Claims Officer
Mr. W. R. McKinnon, Auditor and Chief Examiner

October 6, 1969 - Legislative Building, Edmonton, Alberta

a.m. - Brief presented by Farmers Union of Alberta

Present: Mr. Paul Babey, President
Mr. L. Henderson, Insurance Trustee
Mr. W. D. Lea, Insurance Trustee
Mr. Roy T. Halen
Mr. Allan C. Gant

p.m. - Brief presented by Bar Association

Present: Mr. J. H. Laycraft, Q.C., Calgary, Alberta
Mr. W. H. Hurlburt, Edmonton, Alberta
Mr. M. W. Howey, Grande Prairie, Alberta
Mr. J. W. Beames, Red Deer, Alberta

October 7, 1969 - Alberta Motor Association Offices, Edmonton

Brief presented by Alberta Motor Association

Present: Mr. L. O. Sanders, President
Mr. G. A. MacDonald, Executive Vice-President
Mr. L. J. Gibb, Manager, Insurance Bureau
Mr. B. Acres, Manager, Underwriting Dept.
Mr. W. Birnie, Manager, Claims Department
Mr. M. Hartwell, Accountant, Insurance Bureau
Mr. D. Hollands, Comptroller
Mr. W. R. McKinnon
Mr. H. Fisher

Schedule of Meetings - continued:

October 8, 1969 - Legislative Building, Edmonton, Alberta

Brief presented by the Alberta Provincial Region of The Canadian Independent Adjusters' Conference (1969)

Present: Mr. K. J. I. Fraser, Legislative Representative, Alberta Association of Independent Adjusters
Mr. F. R. Boyce, Immediate Past President, Alberta Association of Independent Adjusters
Mr. C. G. Spilsted, National Chairman, Canadian Independent Adjusters' Conference
Mr. E. J. Halwa, Alberta Regional Chairman, Canadian Independent Adjusters' Conference
Mr. H. E. Greenaway, Chairman, Northern Alberta Chapter, Canadian Insurance Claims Managers' Association
Mr. C. Cox, Secretary, Northern Alberta Chapter, Canadian Insurance Claims Managers' Association
Mr. J. Kutyn, Appraiser, Leonard Hirst & Miller Adjusters Ltd., Edmonton

October 9, 1969 - Legislative Building, Edmonton, Alberta

Brief presented by Insurance Agents' Association of Alberta

Present: Mr. R. B. Bannerman, Immediate Past President
Mr. P. G. Galway, President
Mr. D. Butler, Vice-President
Mr. R. B. Lamb, Treasurer
Mr. J. M. Fisher, Secretary-Manager
Mr. C. B. Cherry, President, Insurance Agents' Association of Saskatchewan
Mr. A. W. McLean, Chairman, Public Relations

October 22, 1969 - Legislative Building, Edmonton, Alberta

Brief presented by Insurance Bureau of Canada

Present:
- Mr. H. B. Vannan (Canadian Indemnity, Winnipeg), Chairman
- Mr. C. Wilcken, Actuary for Insurance Bureau of Canada
- Mr. E. C. Piper, Counsel for Insurance Bureau of Canada
- Mr. W. Atkinson, Director, Insurance Bureau of Canada
- Mr. C. W. Clement, Q.C., Edmonton
- Mr. A. E. Warrick (Northwestern Mutual), Director, Insurance Bureau of Canada
- Mr. R. Gray, (Century Group, Vancouver), Member, Western Advisory Committee, Insurance Bureau of Canada
- Mr. D. Stewart, (Canadian Indemnity, Calgary) Chairman, Local Insurance Committee of Canada
- Mr. F. King (Royal Insurance Group, Edmonton)
- Mr. Claude Trites, (Wawanesa Mutual Insurance Company), Director, Insurance Bureau of Canada

October 23, 1969 - Legislative Building, Edmonton, Alberta

Brief presented by Canadian Underwriters' Association

Present:
- Mr. George Budden, Superintendent, Canadian Underwriters' Association
- Mr. Robert Chamberlain, Actuary, Canadian Underwriters' Association
- Mr. Colin Atkinson, Commercial Union, Montreal
- Mr. D. Bowen, Counsellor, Edmonton
- Mr. Harold Whittaker, Guardian Royal Exchange, Montreal
- Mr. D. McKay, Canadian Surety Company, Toronto

Schedule of Meetings - continued:

October 24, 1969 - Legislative Building, Edmonton, Alberta

a.m. - Continuation of Brief presented by Canadian Underwriters' Association

Present: Mr. Robert Chamberlain, Actuary, Canadian Underwriters' Association
Mr. Colin Atkinson, Commercial Union, Montreal
Mr. D. Bowen, Counsellor, Edmonton
Mr. Harold Whittaker, Guardian Royal Exchange, Montreal

November 25, 1969 - Legislative Building, Edmonton, Alberta

a.m. - Canadian Underwriters' Association

Present: Mr. Colin Atkinson, Commercial Union, Montreal
Mr. Robert Chamberlain, Actuary, Canadian Underwriters' Association
Mr. W. R. McKinnon
Mr. F. King

p.m. - Co-operative Insurance Society

Present: Mr. John A. McNevin, Executive Secretary, Alberta Federation of Labour, C.L.C.

Mr. Allan C. Gant
Mr. Roy T. Halen
Mr. Matheson

Evening - Interview

Present: Mr. A. E. Hancock, Independent Insurance Agent, Raymond, Alberta.

November 26, 1969 - Legislative Building, Edmonton, Alberta

a.m. - Alberta Motor Association

Present: Mr. L. J. Gibb
Mr. G. C. Lockwood
Mr. D. Cousineau

p.m. - Committee met in camera

Schedule of Meetings - continued:

November 27, 1969 - Legislative Building, Edmonton, Alberta

a.m. - Interview with Representatives of Department of Highways

Present: Mr. D. W. Axler
Mr. N. Semotiuk

p.m. - Interview with Representatives of Edmonton City Police and Royal Canadian Mounted Police

Present: Supt. A. L. Stevenson, City Police
Staff Inspector G. Mitchell, City Police
Staff Sergeant M. S. Stevenson, R.C.M.P.
Staff Sergeant W. R. Picton, R.C.M.P.
Mr. C. G. Spilsted
Mr. F. R. Boyce
Mr. S. A. Friedman, Q.C.
Mr. D. W. Axler
Mr. N. Semotiuk

December 16, 1969 - Legislative Building, Edmonton, Alberta

a.m. - Brief presented by Alberta Federation of Labour

Present: Mr. John A. McNevin
Mr. E. Mitchell

p.m. - Committee met in camera

December 17, 1969 - Legislative Building, Edmonton, Alberta

a.m. - Committee met in camera

p.m. - Committee met with Representative of Department of Highways and Representatives of the Office of the Superintendent of Insurance

Present: Mr. N. Semotiuk, Department of Highways
Mr. H. Fisher, Deputy Superintendent of Insurance
Mr. K. Walker, Provincial Claims Officer
Mr. J. A. MacPhee, Superintendent of Insurance

Schedule of Meetings - continued:

December 18, 1969 - Legislative Building, Edmonton, Alberta

Committee met in camera

December 19, 1969 - Legislative Building, Edmonton, Alberta

a.m. - Meeting with Representatives of the Insurance Bureau of Canada

Present: Mr. H. B. Vannan
Mr. C. Wilcken
Mr. D. Stewart
Mr. Claude Trites
Mr. F. King
Mr. K. F. V. Malthouse

January 7, 1970 - Legislative Building, Edmonton, Alberta

Chairman met with Committee Staff

February 11, 1970 - Legislative Building, Edmonton, Alberta.

Interview with Mr. J. Robertson, President, Independent Insurance Agents of British Columbia

Present: Mr. W. R. McKinnon
Mr. J. A. MacPhee
Mr. K. Walker
Mr. F. King
Mr. J. Robertson
Mr. D. Butler
Mr. H. Fisher
Mr. L. J. Gibb

WRITTEN BRIEFS PRESENTED TO THE COMMITTEE

Provincial Superintendent of Insurance

Farmers' Union of Alberta

Bar Association

Alberta Motor Association

Alberta Provincial Region of Canadian Independent Adjusters

Insurance Agents' Association of Alberta

Canadian Association of Risk Managers

Insurance Bureau of Canada

Canadian Underwriters' Association

Alberta Federation of Labour C.L.C.

Mr. A. E. Hancock, Independent Insurance Agent, Raymond, Alberta

INTRODUCTION

The resolution authorizing the committee allowed a broad scope in inquiring into Automobile Insurance within the Province of Alberta; however, the committee considered and focused its attention on private passenger vehicle insurance.

The committee was particularly concerned with devising a method of getting as many automobiles as possible within the province covered by insurance.

The committee was also anxious to satisfy itself that the cost of insurance is fair and reasonable and that the method of payment of claims is as simplified as possible with no unnecessary delays.

The committee explored the feasibility of a government operated insurance plan either to compete with or to replace the private insurance industry in the province, and recommends that automobile insurance be left with the insurance industry. However, the committee considers it advisable to set up a special continuing committee consisting of members of the Legislature and the Provincial Superintendent of Insurance to provide liaison with the industry, and particularly to

study any rate changes in the minimum insurance coverage.

Most of the committee's work and hearings were held in the Legislative Building in Edmonton. Public hearings were held in Calgary and Edmonton. The committee was prepared to hold hearings in other points throughout the province had requests for such meetings been received. The availability of the committee and notification of the public meetings were advertised in all daily and weekly newspapers throughout the province.

The procedure adopted at the meetings was rather informal. Organizations and individuals who made requests to appear before the committee were given every opportunity to do so and were allowed to dialogue with the committee as long as they felt necessary, to present their points of view. Submissions were received both in writing and verbally, and much of the proceedings was recorded on magnetic tape. A total of 66 hours was recorded in this manner. These tapes are available to interested members of the public upon request and at their own expense.

The committee spent two days in Regina, Saskatchewan, where it was received by Mr. J. O. Dutton, General Manager of the Saskatchewan Government Insurance Office, with the kind permission of Hon. Dave Boldt, Minister of Highways and Transportation, who is the Minister in charge of the Saskatchewan Government Insurance Office. Mr. Dutton gave

the committee his full time and attention during the visit to Regina and made available many knowledgeable people both from within and outside of his office. He was most fair in his explanations and made certain that the committee was able to get points of view both for and against a government operated insurance scheme. The Saskatchewan plan is dealt with in more detail in another section of this report.

The committee felt that they received full co-operation from the insurance industry. A great deal of expertise was made available, full explanations were forthcoming, and much study was devoted to the procedures of rate making, all of which was very helpful.

The Superintendent of Insurance and his staff were available at all times for consultation, as were members of the Department of Highways and Transportation and the Attorney General's Department.

Representatives of both the Edmonton City Police and the Royal Canadian Mounted Police appeared before the committee at its request. We felt from their discussions with us that we may be able to iron out difficulties encountered between the police and the insurance industry which would help to eliminate some of the unnecessary costs and delays in adjusting claims.

The representatives of the Royal Canadian Mounted Police also demonstrated the operation of the breathalizer

to the committee, and in doing so pointed out that this device is not used as a weapon of persecution and does not give an unfavourable reading until the consumption of alcohol has reached a point where it could seriously impair one's driving ability.

RECOMMENDATIONS

THE COMMITTEE RECOMMENDS:

1. That automobile insurance be left with the insurance industry.

2. That a special continuing committee consisting of members of the Legislature and the Provincial Superintendent of Insurance, be appointed to provide liaison with the industry, particularly to study rate changes in the minimum required insurance coverage.

   The continuing committee should involve itself deeply into rating structures to determine the equitability of the rating structure, especially its fairness with respect to young drivers. This committee recognizes that there are inequities in the existing complex system of rating and that the young driver is perhaps unnecessarily penalized in certain categories.

   The committee, in reviewing the surcharges associated with guilt in an accident, recognizes that there is inequity in this field, and that young drivers are surcharged on the administrative portion of the premium and that this surcharge should only be applied to the portion of the premium actually earmarked for damage payments.

The continuing committee should also explore the possibility of reclassification of young male drivers to see if some alleviation can be given to the cost of insurance for young claim-free drivers.

3. The institution of a minimum insurance requirement for every vehicle registered in Alberta, such insurance to be as follows:

(a) Third Party Liability - $35,000.

Where a claim exceeds the sum of $35,000, the maximum applicable shall be $30,000 Public Liability and $5,000 Property Damage.

(b) That there be a $100 deductible on Third Party Property Damage. (This is the only recommendation upon which the committee was not unanimous, although it was favoured by the majority.) This subject is further dealt with on page 33 under comments on this report.

(c) Accident Benefits - <u>regardless of fault</u>:

(i) Funeral Costs up to $500.

(ii) Death Benefits:

AGE OF DECEASED	HEAD OF HOUSEHOLD	SPOUSE	DEPENDENT OR CHILD
Up to 4 years	-	-	$ 500
5 - 9 years	-	-	$1,000
10-17 years	$5,000	$2,500	$1,500
18-64 years	$5,000	$2,500	$1,000
65-69 years	$3,000	$1,500	$1,000
70 years & over	$2,000	$1,000	$ 500

There are additional weekly benefits to survivors. For example, if the "Head of Household" is killed and there are two or more survivors (spouse or dependents) the principal sum is increased 20% for each survivor other than the first and if there are one or more survivors 1% per week of the total sum payable as capital sum shall be paid for 104 weeks.

N.B. - "Head of Household" is defined as the spouse who had the greater income of the two in the year preceding.

Examples:-

	Basic Capital Sum	Additional Capital Sum	Weekly Benefit Payable 104 weeks	Total Paid
Father, age 45 leaves dependent widow and two children	$5,000	$2,000	$ 70	$14,280
Father & Mother killed, leaving five dependent children	$5,000 (Father) $2,500 (Mother)	$4,000	$ 115	$23,460
Spouse (age 25) of Head of Household killed	$2,500			$ 2,500
Head of Household, age 68, killed, widow dependent	$3,000		$ 30	$ 6,120

Total Disability:

The weekly benefit, payable after a seven day waiting period, is to be 80% of the gross weekly earnings, subject to a maximum of $50 per week and a minimum of $40 per week.

The total disability benefits continue for 104 weeks so long as the injury wholly and continuously disables the insured person and prevents him from performing any and every duty pertaining to his occupation or employment.

4. That the premium for the accident benefits of the mandatory insurance coverage be on a flat rate basis so that the premium would be uniform for all classes of drivers throughout the province.

5. That the components of the mandatory insurance and the premium for each component be shown separately on the policy so that the coverage and price is clearly identifiable.

6. That any insured may, of his own free will and accord, purchase automobile insurance above the minimum compulsory package.

7. That the $100.00 deductible portion of the property damage be insurable, either for first or third party coverage, or both. The premium charged therefor must be shown separately on the invoice and policy.

8. That in the event that there is no coverage on the $100.00 deductible property damage, the aggrieved party should have recourse to small debts court.

9. That it be unlawful for an insurer, licensed to transact business in Alberta, to provide vehicular insurance unless the minimum required insurance package is included therein, or unless the insured has at that time a valid pink card.

Licence Plates and Insurance Certificates:

10. Licence plates for automobiles only be issued to an applicant furnishing a minimum required insurance certificate (pink card) a copy of which is to be filed with the Minister of Highways and Transport at the time the licence plates are obtained.

11. Cancellation of minimum insurance must involve the surrender of licence plates and minimum required insurance certificate to the Minister of Highways and Transport. The Minister will then authorize the insurer to cancel the minimum insurance coverage and refund any unearned premium.

In the event of a motor vehicle being disposed of, the owner shall:

(i) surrender the licence plates to the Motor Vehicle Branch. The Minister of Highways and Transport may then authorize the insurer to cancel the minimum insurance coverage and to refund any unearned premium,

-or-

(ii) transfer both licence plates and insurance certificate to any new vehicle in the same class of which he becomes the owner.

12. That insurers licensed and operating in Alberta be required to supply the insured with two copies of a current minimum required insurance certificate (pink card), one of which is to be filed with the Minister of Highways and Transport when the licence plates are obtained.

13. That the Minister of Highways and Transport permit cancellation of the mimimum required insurance only when the vehicle licence plates have been returned to the Motor Vehicle Branch.

14. That insurers licensed in Alberta be permitted to cancel the minimum required insurance only with permission of the Minister of Highways and Transport under all circumstances, except for non-payment of premium.

15. When an insurer cancels the minimum required coverage for non-payment of premium, the Minister of Highways and Transport shall be notified by the insurer within a specified time; otherwise the insurer will be still considered to be covering the risk.

16. The Department of Highways and Transport give consideration to the feasibility of having a certificate of insurance, showing the expiry date of such insurance, for affixing to the windshield of the insured vehicle.

17. Minimum penalties for driving without required insurance coverage be imposed. Such penalty should be large enough to serve as an adequate deterrent for driving without the minimum required insurance and this penalty should include a number of demerit points.

Gratuitous Passengers:

18. The committee recommends that a gratuitous passenger no longer be required to prove gross negligence in order to receive compensation from the insurer, but that ordinary negligence will, in future, be sufficient.

Green Card:

19. The committee recommends that the green card be terminated.

Motor Vehicles Claims Fund:

20. The Motor Vehicles Claims Fund be maintained as a compensation fund available to all automobile accident victims deprived of recompense due to exceptional circumstances.

21. The licence plate fee due to the Motor Vehicles Claims Fund be reviewed in order that the fund may remain solvent.

22. The mandatory insurance with the no fault accident benefits be applicable to the Motor Vehicles Claims Fund.

General Recommendations:

23. The committee recommends that a method be devised whereby the insurance company which is responding would pay for the body shop work more promptly. The committee has found that where bodily injuries are involved, the payment for repairs of the automobile is often delayed. It has been found that body shops, who are required to meet payrolls and other overhead expenses, find it very expensive to carry a large number of claims, and consequently this is reflected in their costs.

24. The committee recommends that serious consideration be given to amending Section 6 of The Insurance Act, which reads:

> "The insured shall pay the insurance money for which it is liable under this contract within sixty days after proof of loss has been received by it."

Many companies take the full sixty days before paying. The committee recommends that this period of sixty days be shortened.

25. The committee recommends that each insurer of the 'active participants' of an accident pay into a fund from which the innocent party's damages may be settled, and when responsibility for payment is ultimately determined, the fund can then be adjusted.

Often in multiple car crashes, the vehicle of a totally innocent driver is damaged (parked car for instance) but due to a disagreement between the insurers of the 'active participants' as to which driver was in the wrong, the innocent party must get his vehicle repaired under his own policy (subject to his policy deductible), or if he carries no collision insurance, entirely at his own expense. He may have to wait for a considerable time to collect his deductible.

26. In order to assist the proposed committee and the Superintendent of Insurance to better assess the performance of the industry, the committee recommends:

(a) that categories on the present basis be frozen until statistical information in any one category has a sufficiently long run to be indicative as well as meaningful and to require the industry to file complete statistics for a minimum of three years in any new category they may be considering before allowing them to further proliferate categories;

(b) that the automobile statistics as filed with the Superintendent of Insurance be broken down by class of risk, on the basis of premiums written and losses incurred on a calendar year basis that agrees with the financial statements as filed, so that an assessment can be made yearly of the automobile

insurance picture in the province. This would not in any way interfere with weighting and interpolation process that would be the responsibility of the industry in the setting of premiums. This would merely give them an indication of the equity of the premiums as between categories and would probably take some four or five years of development before this pattern would be meaningful.

27. The committee recommends that consideration be given to eliminating the following difficulties:

There has been a difficulty in adjusters obtaining information from the R.C.M.P. detachments which has not been so evident under other police jurisdictions. This can lead to unnecessary expense and delays in paying claims. The committee recommends that any steps that can be taken to eliminate this difficulty would have a beneficial effect on the insured public.

The committee has found that delays experienced in settling claims often work a hardship on the insured. At the present time, under the Highway Traffic Act, the authorities are forbidden to disclose intended police action, resulting from an accident, to the adjuster. Should the adjuster have this information, he could proceed with recommending payment on the basis of intended action. For instance, if a person were only

charged with a minor offence, the insurer could immediately respond, but if the charge is more serious, such as impaired driving, certain sections of the policy might be voided. If the adjuster cannot find this out quickly, then he has to delay the recommendation of payment until such time as he has this information.

COMMENTS

REGARDING RECOMMENDATIONS

That Automobile Insurance be Left with the Industry

There are those who feel that government should assume an increasing role in all business and ultimately bring all business under government ownership. Members of the committee do not subscribe to this ideology and so the question of taking over the industry was not considered from this perspective. However, from a practical point of view the committee did give consideration to this possibility.

Because of its monopolistic aspects, there is advantage in government operated insurance. Any monopoly supported by the despotic powers of a government board would have economic advantages. A private company with the same privileges would enjoy the same favourable position. It could operate without acquisition expenses in a captive market. On the other hand, the freedom to shop, the satisfaction of having alternatives, the convenience of credit and the opportunity to be individualistic are lost.

The committee met with the Canadian Association of Risk Managers, whose 196 members are responsible for the administration of risk and/or insurance programs for their respective employers and pay some $140,000,000 annually for fire and casualty insurance premiums, including $6,000,000 for automobile insurance. Their spokesman

told the committee that car insurance rates fluctuated as much as 25% and that this was particularly noticeable in Alberta where there are so many mutuals and direct writers. He also remarked that as the price of insurance was increasing, there was a growing tendency on the part of consumers to shop around and get competitive prices.

In Alberta, two of the six leading companies in terms of automobile insurance premium volume are native to the province. Of the other four, one has its home office in Regina, one in Saskatoon, and one in Manitoba. The remaining company has its head office in Toronto--it ranks fifth. The five western based companies among them write more than 25% of the total automobile insurance in Alberta.

When studying this aspect of the industry, it must be borne in mind that the Saskatchewan Government Insurance Office re-insures its risks with private insurance companies. Re-insuring is a standard insurance practice.

Only one of the briefs submitted recommended a government operated insurance system, and that was the Alberta Federation of Labour, C.L.C.

On page 2, this brief states: "Once it becomes a legislative necessity for people to participate in an automobile insurance plan, it should be paid for partially or totally out of general taxation revenues. The easiest and most efficient way to handle a compulsory plan is through the tax system, or as in the case of automobile insurance,

as part of the automobile licensing structure collected once per year, cutting down considerably on the administration necessary to keep up a multiplicity of renewal items, etc."

This brief also suggested a complete 'no-fault' system in dealing with claims.

The loss of corporation tax must always be considered in any movement toward the nationalization of any industry. In business the taxman is always the silent partner with the unique advantage of never sustaining a loss.

There are approximately 2,000 insurance agents in the province who are independent businessmen and who provide service to their policy holders. These agencies are located throughout the province and in many instances half of their gross income is derived from the automobile insurance industry. They write 80% of the auto insurance in the province, so that any government plan would seriously impair the service of this sector of the business community. They also handle other branches of insurance, such as fire and general insurance counselling.

Minimum Insurance Requirements:

The committee felt that in recommending third party required insurance, a definite package should be outlined so that competitive prices would be more obvious. The thinking, of course, was to give the best possible coverage at the least possible cost and consequently a lot of

consideration was given to the minimum coverage for third party liability. The figure of $35,000 has been recommended bearing in mind that the higher the coverage, the higher the cost. It is interesting to observe that one of the leading insurers in the Province has only been called upon to settle three claims over $35,000 since 1962. Undoubtedly there will be periodic reviews of this figure as economic conditions fluctuate. It was found that many motorists voluntarily carry more third party insurance than the minimum $35,000, and this practice should be encouraged.

The committee was told that the required third party coverage in Canada is generally much higher than in most parts of the United States. All provinces have statutory minimums of $35,000 on Public Liability and Property Damage, except British Columbia, Manitoba and Ontario, that have now increased to $50,000.

Accident benefits without fault is a comparatively recent innovation in automobile insurance policies. The Province of Saskatchewan pioneered this field, having introduced this system which, in the committee's view, has been very acceptable. A great deal of hardship has been experienced by accident victims who have suffered the loss of their incomes during the settlement of claims period. To relieve this situation, the committee has recommended the accident benefits outlined in this report, and the insurer must be prepared to pay the accident benefits forthwith and without fault.

In introducing mandatory basic insurance policies, the committee was particularly concerned that any program adopted should be practical as far as enforcement is concerned. The committee tried to avoid making recommendations that would result in undue numbers of prosecutions. The thinking has been to recommend regulations that will make it difficult for a driver to get on the roads without insurance, and thus minimize the necessity and expense for both the driver and the province of court actions.

It was with this in mind that it is suggested that proof of minimum required insurance be produced when a car licence is obtained, and in the event that the insured cancels his insurance, he must surrender his licence plates.

The committee gave consideration to recommending that the minimum required insurance be payable in advance on an annual basis at the time licence plates are obtained. This would no doubt further reduce the possibility of having uninsured vehicles on our highways to a minimum. However, after considering all ramifications, it was thought that this would work a hardship on those who prefer to buy insurance for shorter periods or to pay for insurance on the instalment plan. It would also throw a heavy burden on the facilities of the industry in preparing all policies during the peak period when automobile licences become due.

Should the recommendations of this report in this respect be adopted, and experience reveals that it is not accomplishing the desired objective of getting nearly 100% of the automobiles insured, then consideration can be given to making it mandatory to have twelve months of minimum required insurance payable in advance at the time the car licence is issued.

The $100 Deductible on Property Damage:

Recommendation 3(b) suggesting a $100 deductible on third party Property Damage insurance was the only recommendation on which unanimity in the committee was not achieved. The majority of the committee favoured the concept.

For example, a car is struck by another vehicle while legally parked. The owner of the parked car would be responsible for the first $100 of his damage, even though he was not at fault in any way.

The advantage, of course, would be in reducing the cost of the minimum required insurance package. It was a worthy objective of the committee to try and keep this package within the reach of all. If an insurer knew that he was not responsible for the first $100 damage that his client did to other people's property, he could, of course, give a better price.

The committee also agreed that if this recommendation is adopted, that the vehicle owner could insure his own

vehicle to cover the first $100 damage it might sustain if it were involved in a collision in which he was not at fault. He could, of course, choose to carry that part of the risk himself just as most drivers do now on their $100 deductible collision insurance.

The argument advanced for this $100 deductible on Third Party Property Damage insurance is that it would eliminate petty claims. For instance, if an automobile received a minor scratch or dent, some owners are very particular about having it restored to exactly its original condition, even if painting the whole car is involved, when it is being paid for by an insurer. If the same owner had to pay for it himself, it is reasonable to believe he would be less demanding.

Of course, if everyone insured his own car for this first $100 of damage that might be sustained through no fault of his own, then the burden would merely be shifted from one insurer to another without an appreciable difference in accident costs. This would likely not happen in all circumstances so we can assume that there would be a savings by eliminating some minor claims.

The minority of the committee who opposed this stipulation felt that a great deal of bad will, quarrelling among those involved in accidents, and misunderstanding

would be engendered if the innocent party in an accident had to pay the first $100 of his damage or resort to action in small debts court. It is a reversal of the accepted principle that the individual is responsible for the damage he does to the property of others.

The estimated savings on the average premium would be less than $10.00 on the required premium. The minority in the committee contended that this did not outweigh the disadvantages.

The Saskatchewan Government plan embodied this feature at one time, in an effort to keep costs down. It was even raised to $200 deductible on Property Damage and then later it was completely eliminated so that the insurer was responsible for the first dollar of Third Party Property Damage, which is the standard practice.

Gratuitous Passengers:

The gratuitous passenger is usually a member of the insured's family or his close associate and it has been the practice in the past to place him in a different category when injured than, for instance, a pedestrian. He is required to prove that the driver was grossly negligent, where the pedestrian would only have to show ordinary negligence, which means the pedestrian would have much less difficulty in satisfying his claim. In every submission we received which dealt with this subject, it was urged that the gratuitous passenger be required to prove

only ordinary negligence. This, it was felt, would eliminate an area of hardship.

Green Card:

The committee has recommended that the green card system be eliminated and this, in any event, will no longer be required with mandatory basic insurance. The public attitude toward the green card has not been favourable.

Motor Vehicles Accident Claims Fund:

The Motor Vehicles Accident Claims Fund is to be retained and this is extremely important because there will always be a certain number of uninsured vehicles on our highways regardless of anything that is done in a legislative or enforcement way. The Fund is in very serious financial difficulty. We do feel that under the recommendations we have made, we will eliminate to a great degree the possibility of insurance companies voiding policies, which very often occurs because of negligence on the part of the insured in not having the insurance transferred when changing automobiles. The committee found that last year the Fund paid out $317,542.36 on behalf of people who actually held pink cards but, for technical reasons, the insurer was not required to respond.

Young Drivers:

Young drivers have been the subject of study by the committee because of the higher insurance rate that is applied to their group. Their inexperience in both driving and drinking, and the natural instinct to be accepted by their peer group, is very predominant and reflects in their driving record. The under 25 age group comprise 23% of the drivers and are involved in 34% of the fatalities. In the opinion of the committee, driver education in the schools is absolutely essential.

The only way that we can substantially reduce insurance costs, or even maintain them at their present level, is to reduce the incidence of accidents, and it would seem that the younger age group (with their bad driving record and because they are at a time in life when they are most susceptible to learning) would be a logical group on which to begin. Regardless of the social aspects, it is sound economics. Most Alberta insurance companies will allow a 10% reduction in premium to people who have taken approved driver training courses and it is quite possible that in the near future this reduction could amount to as much as $100 per year on a young driver's insurance. When it is considered that the course costs in the vicinity of $60, it is quite obvious that it cannot be regarded as a frill, and this does not take into consideration the decrease in property damage and bodily

injury which have been proved to be reduced with a driver training program.

Driver training in the schools should be a credit course. Schools have the students enrolled at a time when they are legally old enough to drive. This is a time when young people are eager and anxious to learn. The schools are educational centers and conducive to good learning. They have classrooms, chalkboards, projectors, films, transparencies, and all other facilities and equipment to do a top quality job. Several student studies have been carried out in the United States where driver training has been carried on in the high schools, and their statistics indicate that there is less involvement in accidents by students who have taken the driver training course.

There is another and equally important benefit which would result from the introduction of driver education and training in high schools. Where such education is well organized and taught, it produces not only safer drivers but also better informed citizens who will recognize and support needed changes in legislation, engineering and enforcement. In other words, driver education serves highway safety and transport on the one hand, and education for responsible citizenship on the other.

There are, of course, very responsible young drivers who through circumstances beyond their control find themselves in the same classification as their more reckless contemporaries. The committee devoted much of its deliberation to this particular classification. It can be shown that the new driver is a greater risk because of his inexperience and there are few areas in which the value of experience is brought out in as high relief as in the automobile accident statistics. In the same vein, one of the important safety-selling points projected by airlines is the experience of their pilots.

In a practical mathematical exercise, the actuary has no difficulty in showing that as a group the under 25 male driver constitutes a high risk. If he is to pay for the sins of his age group, the price will be high--in fact, high to the point of being prohibitive. The committee was troubled about this possibility. It considered if the burden should be distributed over a wider field. Should the mature driver, in his peak earning years, perhaps carry some of the load for the young and inexperienced? Succeeding generations would, by the same token, bear some of the load for those who come after. This is the principle of flat rating and this method is most evident in Saskatchewan where the load is levelled more evenly between the good and the not so good, and between the young and the not so young.

British Columbia Automobile Insurance Plan:

The committee has studied the Royal Commission on Automobile Insurance in British Columbia, which was tabled on July 30th, 1968. The principal recommendations contained in the report are as follows:

The private insurance industry rather than the government operate the insurance industry.

The industry issue a non-cancellable two-party insurance policy covering the driver and his passenger.

The policy would be co-terminous with the licence.

Every driver would be required to purchase a policy annually as a condition precedent to the renewal of his driver's licence.

The traditional automobile tort system should be abolished by taking away the cause of tort action. This would be replaced by a (no fault) scale of compensation.

Premium rates for the insurance policy, which would be issued by the private insurance industry, would be subject to supervision by a government board and would be scaled upwards for those drivers who had accumulated demerit points. Subject to this provision, all drivers would pay the same premium regardless of age and whether they were urban or rural residents.

There would be no coverage for pain and suffering, disfigurement, loss of income in excess of $50 per week, or any sum in excess of $20,000 for death. No coverage whatever

was recommended for property damage, though collision insurance would be available on a voluntary basis.

For property damage, it adopts no fault concepts, leaving the cause of action only for the amount of the deductible. For personal injury and death, it leaves an action in tort available but adds a basic accident insurance made compulsory and based upon an arbitrary scale of damages. An attempt is made to provide some compensation for every class of injured person, with the sole exception of the impaired or drunken driver, but including every other wrongdoer.

The British Columbia Legislature did not accept in their entirety the recommendations of the Wootton Royal Commission, and left traditional tort principles in operation over and above their compulsory no-fault accident benefits.

When the final legislation was proclaimed on January 1st, 1970, it was seen that the British Columbia legislation provides a halfway house between the present tort system of compensation for automobile cases and the no-fault system such as that proposed by the Wootton Commission.

Saskatchewan Automobile Insurance Plan:

When examining the Saskatchewan system, one must bear in mind that there are two distinct sections. There is the Saskatchewan Government Insurance Office, the S.G.I.O., and the Automobile Accident Insurance Act, which is referred to as "The Act" or Licence Insurance.

The S.G.I.O. is in the insurance business in competition with private firms in many lines of insurance. The insurance on automobiles over and above the Licence Insurance may be obtained from the S.G.I.O. or from private companies.

The Act or Licence Insurance is compulsory. During the 21 years of experience from 1946 to 1966 it showed a loss for 12 of those years. This was due to an endeavour to keep premiums low while losses were climbing; however, in recent years the rates have been increased to give a better financial picture showing an overall surplus since the plan was initiated in 1946.

The Compulsory Licence Insurance in Saskatchewan falls into two categories which could be termed as the "fault" and the "no-fault" sections.

In the material that was made available to us in Saskatchewan, the no-fault benefits of the Licence Insurance or the Act were summarized:

BENEFITS

Death Benefits:

Where death caused by a motor vehicle accident occurs within 90 days of the accident or within 104 weeks of total and continuous disability following the accident, benefits are payable as follows:

for the primary dependent.....$5,000

for each secondary dependent.....$1,000

up to a total of $10,000 for one death. If the victim who dies in a motor vehicle accident is survived by a child over the age of 18 years or a brother or a sister or a parent who was being partly supported by the victim, $2,000 is equally divided among such survivors.

If the victim is a married woman and none of the above benefits are payable, a sum of $2,000 is payable to her husband.

If there is more than one primary dependent, only one can be so classed and the others will be considered secondary dependents when the sum payable is calculated. Each primary dependent then receives an equal share of the total benefit.

When a child up to 18 years of age is killed, payments are made as follows to the parent or parents with whom the child usually lived:

Up to 6 years.....	$100	11 years.....	$600
7 years.....	200	12 years.....	700
8 years.....	300	13 years.....	800
9 years.....	400	14 years.....	900
10 years.....	500	15,16,17 years.....	1000

When an unmarried person aged 18 years or over is killed, and no benefits are otherwise payable, the parents are paid $1000.

Funeral Expenses:

The sum of $300 is paid to cover the funeral expenses of any person who dies from a motor vehicle accident and who is covered by this section.

Permanent Disabilities:

Lump sum payments are made for a wide range of permanent disabilities, e.g., amputation, uncorrectable limitations of movement of certain joints, impairment of sight or hearing, the more serious facial disfigurements. Payments are made according to a fixed schedule; the maximum amount payable is $4,000.

Supplementary Allowances:

Sums up to $2,000 are payable on a discretionary basis to enable an injured person to meet some of the out-of-pocket expenses for which he has no other means of reimbursement.

Weekly Indemnity:

In certain circumstances, a weekly indemnity may be paid to alleviate financial hardship caused by loss of income.

For total disability to a person engaged in any gainful

occupation for wages or profit, weekly indemnity of $25 is payable for a period of not more than 104 consecutive weeks.

In case of partial disability preventing an injured person from carrying out an essential part of his occupation, weekly indemnity of $12.50 may be paid up to 104 consecutive weeks, less any period during which total disability payment has been made.

A housewife who is totally disabled is entitled to receive weekly indemnity of $25 or, if partially disabled, $12.50, for a maximum of 12 weeks.

A person not included in the above categories but disabled in an accident is entitled to $12.50 per week, for the period of his confinement to hospital bed, or wheel chair, up to 52 weeks.

By agreement, and where circumstances may benefit the injured person, disability indemnity may be paid in a lump sum.

No indemnity is payable for the first 7 days following the accident.

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The Fault aspects of the compulsory part of the insurance under the Automobile Accident Insurance Act (the Act) is public liability and property damage to the amount of $35,000 which is on a basis of fault; that is, liability must be shown in order to recover in this area.

Saskatchewan has pioneered the no-fault principle in automobile insurance and it has many advantages.

The Accident Benefits provided without fault in the Automobile Insurance Act in Saskatchewan are worthy of a great deal of consideration as they provide benefits that are not available in the usual motor vehicle accident policy. The following situations would be covered where no protection would be available otherwise:

(a) Where a driver is solely at fault for an accident together with his passengers;

(b) The driver and passengers of a vehicle which, through inadvertence or simple negligence, upsets;

(c) The driver and passenger of a motor vehicle that collides with another object or with a vehicle that is not within the definition of a motor vehicle adopted under the particular registration laws.

The insurance industry is now recognizing the advantages of the fault and "no-fault" systems working in unison.

This is what the brief submitted to the Committee by the Insurance Bureau of Canada had to say on the subject:

"To sum up on tort versus compensation without fault, it can be said that the advantage of the traditional tort system appears to be its recognition of the differences in the extent of injuries and economic loss as between different victims and its allowance for their share of responsibility for their own misfortune. A "compensation without fault" programme with fixed benefits offers a quick settlement in amounts which would be satisfactory only to the claimant in the less serious cases. Melding of the two concepts rather than one operating to the exclusion of the other would appear to be desirable. Such a melding is now available in automobile liability insurance with accident benefits as recently introduced in Alberta. Admittedly accident benefits, payable to

persons who would have no recovery under tort, and sometimes resulting in a greater payment to a victim than he would be entitled to under the rules of tort, increase the overall cost of automobile insurance, but the insured is paying a price for benefits which he regards as primarily for his own advantage and that of his dependents. If the accident benefits are made mandatory, to be included with all liability policies, the wider applicability of the "offset" provisions should mean a reduction in the additional cost."

Insurance companies have been offering an Accident Benefit "no-fault" clause in their insurance policies since January 1st, 1969.

Under the Automobile Insurance Act, which is the basic compulsory portion, Saskatchewan has been able to pay back in settling claims 85% of the premiums collected, requiring only 15% for administration. This compares very favourably with the 67% that is the recognized standard for private companies who require 33% of the premium dollar for the following purposes:

1. Provincial Premium Tax & Other Taxes.....2.5%
2. Commission to Agents.....12.5%
3. Insurance Association Fees (e.g. C.U.A., Insurance Bureau of Canada and Statistical Agency)..... .5%
4. Unallocated Claims Adjustment Expense.....4.0%
5. Administrative Expense, including provision for expected profit of 2.5% before income tax.....13.5%

33 %

It can be readily seen that one of the advantages of the Saskatchewan Act is that there are no agents' commissions paid and if these were not present the companies would show a 80:20 ratio compared with Saskatchewan's 85:15.

However, this is only part of the picture. In Saskatchewan, automobile insurance is carried over and above the compulsory (Act) insurance, and about 50% of the people choose to do this, only 58% of the premiums are paid back in claims settlements and 42% is required for administration and commissions, etc. These percentages include the Saskatchewan Government Insurance Office (the S.G.I.O.), which is the largest single writer, and the regular insurance companies.

The reason the ratio drops so markedly is because the commission that is paid to agents in Saskatchewan on this supplementary insurance is 20% instead of the Alberta standard agent's commission of $12\frac{1}{2}\%$.

The average ratio on all automobile insurance written in Saskatchewan over the past 20 years is 76% for claims and 24% for administration.

The Committee is of the opinion that the Saskatchewan plan, which requires the insured to purchase a full year of compulsory insurance when getting licence plates, comes as near as is possible to getting complete automobile insurance coverage.

In trying to make any comparisons, it should also be mentioned that in Saskatchewan there is a Driver Licence premium of $3.00 per year in addition to the usual Driver Licence fee, and a demerit system which gradually increases this premium as high as $75.00 if the driver's record is

sufficiently bad. This premium is not shown in the ratios given in the preceding paragraphs.

The committee considered the S.G.I.O. to be under very capable and efficient management with a very knowledgeable senior staff. It does not appear to be subsidized from general provincial revenue.

In comparing rates between the private industry in Alberta and the S.G.I.O., there are many considerations. Some are higher and some are lower due particularly to the process of flat rating which is employed in Saskatchewan, although there is a tendency there to move away from the flat rating principle.

There are also different exposure situations in Alberta, particularly in the major cities of Calgary and Edmonton, when compared with Saskatoon and Regina. The Alberta cities are four times the size of their Saskatchewan counterparts. By the same token, Toronto and Montreal present higher risks and higher rates than the Alberta cities.

There is also a difference in repair costs between the two provinces, which are bound to be reflected in costs. In Regina at the time of our investigation, the rate charged by the shops was $7.00 per hour, while in Calgary and Edmonton the rate is $9.00 per hour, while painting is in the neighbourhood of $11.00.

To give an idea of the fluctuation in rates in the different traffic densities, here are comparable automobile premiums in some Canadian and American cities:

The Car - 1966 Chevrolet Bel Air - 6 cylinder

The Driver - Age 35, Married, no drivers under 25, 3 years accident free

The Use - Pleasure - no driving to work

The Coverage -

	Canada	U.S.A.
Bodily Injury and Property Damage	$100,000 Incl.	$50,000/$100,000
Collision	$100 Deduct.	$25/100 Deduct.
Comprehensive	$25 Deduct.	$50 Deduct.
Medical Payments	$2,000	$2,000

	Annual Premium 1967
Vancouver	$109
Calgary	88
Edmonton	92
Winnipeg	88
Toronto	101
Montreal	172
Boston	369
Buffalo	202
Cleveland	164
Detroit	185
Chicago	221
Minneapolis-St. Paul	177
Portland, Maine	127
San Francisco	239
Seattle	179

Investment Income:

During the investigations, the matter of investment income of the insurance industry was discussed by the committee.

When an accident occurs, an insurance company sets aside money earmarked to cover the probable cost of the accident, and this is known as a "loss reserve".

As an example, an accident has occurred for which the insurer establishes a loss reserve of $10,000. In our hypothetical case, it takes two years before final settlement is reached. During that period, the insurer at 8% has realized $1,600 in interest.

The Alberta Federation of Labour brief contends that this should rightfully belong to the insured. It has been pointed out that in a government operated scheme, this would eventually find its way back to the government in some form.

On the other hand, the insurance industry contends that if the insured has any claim to interest it is only on the amount he has paid in the unearned portion of his premium, less the 33% which is required for commissions and general overhead. Using a $100 premium, the insured could argue that he is entitled to interest on the unearned portion of the $67. Unearned premium is the portion of the premium

that has not been used; i.e., after six months the unearned portion of the premium would be $33.50, and after nine months this would be $16.75. This, the committee was told, amounts to 1%.

In the case of a premium paid on the instalment plan or for shorter periods, the interest on unearned premium would be less significant.

Insurance companies contend that they are selling a product just as an automobile dealer is selling a car. What the dealer does with the money the customer pays him is of no concern to the buyer.

The insurance industry emphasized that the article sold, in the case of insurance, may cost considerably more when it is delivered to the customer than when it was originally manufactured. In other words, a loss reserve of $10,000 in 1968 may cost the insurance company that is on the risk $12,000 when it is paid for in 1971.

Investments of the Industry Within Alberta:

The committee was interested in knowing the amount of money invested in Alberta by the insurance companies and obtained these figures from the Insurance Bureau of Canada, which is the spokesman or association of 194 insurance companies.

The Insurance Bureau of Canada advised the committee that their members had $88 millions invested in Alberta. Because they do not represent all insurers operating in the province, we can conclude that the figure exceeds this amount.

Public Relations:

The committee found that there are areas in which the industry could improve its relations with the insuring public. Surcharging for minor accidents is one of the sensitive areas where there could be improvement. Inattentive service and sometimes quibbling over insignificant matters are others.

Many of the criticisms of this industry could be directed at practically every field of business, but in the insurance world where the product is becoming more and more a mandatory necessity, where the people are legislated into the market place, extreme caution is advised. The intangible human relations aspects are particularly delicate and a challenge to free enterprise.

CONCLUSION

The committee would like to express appreciation to all those who submitted briefs and to those who gave the committee the advantage of their opinions, both verbally and by letter.

The committee also wishes to recognize the contributions of Mr. Warren Graves, Assistant Clerk of the Legislative Assembly, who acted as secretary to the committee, Mr. J. M. Constantin, the recording technician, and Mrs. G. Wilson, who very capably handled the stenographic work.

It is estimated that ninety-five per cent of the people within the Province obtain insurance above the required limits of their own accord, so that they will not be greatly affected should the recommendations of this report be adopted by the Legislature. The mandatory insurance is required to obtain the co-operation of the minority of vehicle owners who have not recognized their responsibility toward other users of the highways.

Should the recommendations of this report be introduced as legislation and accepted by the Legislature, and it is found from experience that they do not obtain their objectives of increasing the number of motorists insured to an acceptable level; that service by the insurance industry is not generally meeting with public approval; that reasonable 'within reach' pricing cannot

be maintained for all rating categories, the other alternatives should be examined.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

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ALBERTA

AUTOMOBILE INSURANCE STATISTICS

(Provincial Department of Highways)

	12 Months 1961	12 Months 1962	12 Months 1963	12 Months 1964
All Accidents	23,331	25,394	28,250	30,740
Total Deaths	270	272	302	351
Personal Injury Accidents	4,381	4,879	5,337	5,298
Total Injured	6,851	7,742	8,456	8,308
Property Damage only Accidents	18,736	20,299	22,691	25,165
Property Damage (Amount)	$10,157,871	$11,399,732	$13,086,333	$14,128,931
Number of Vehicles in Accidents	47,636	45,507	50,827	55,452
Vehicle Registration (Excluding Trailers)	505,343	530,580	554,778	586,677
a) Ratio of All Accidents per 100 cars licensed	4.6	4.8	5.1	5.2
b) Ratio of Vehicles in Accidents per 100 cars licensed	9.4	8.6	9.2	9.5

	12 Months 1965	12 Months 1966	12 Months 1967	12 Months 1968
All Accidents	33,201	35,842	41,516	46,616
Total Deaths	331	359	426	430
Personal Injury Accidents	5,425	5,764	6,242	6,613
Total Injured	8,596	9,120	9,878	10,467
Property Damage only Accidents	27,524	29,787	34,918	39,652
Property Damage (Amount)	$15,829,026	$17,508,153	$21,219,538	$24,466,452
Number of Vehicles in Accidents	60,031	63,795	73,590	83,493
Vehicle Registration as at March 31 (excluding trailers)	609,976	642,015	679,358	710,000
a) Ratio of All Accidents per 100 cars licensed	5.4	5.6	6.1	6.6
b) Ratio of Vehicles in Accidents per 100 cars licensed	9.8	9.9	10.8	11.8

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